

**KEYNOTE ADDRESS BY**  
**YB DATO' SERI AHMAD HUSNI MOHAMAD HANADZLAH**  
**MENTERI KEWANGAN II**  
**THE LAUNCH CEREMONY FOR THE COMMODITY MURABAHAH**  
**HOUSE, 17 AUGUST, 2009.**

BISMILLAHIRAHMANIRAHIM, Assalamualaikum warahmatullahi wabarakatuh

Yang Berhormat Dato' Hamzah bin Zainudin, Deputy Minister of Plantation Industries and Commodities.

Yang Berbahagia Tan Sri Dato' Seri Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia, Chairman, Executive Committee, MIFC

Yang Berbahagia Dato' Yusli Mohamed Yusoff, Chief Executive Officer, Bursa Malaysia Berhad.

Yang Berbahagia Datuk Ranjit Ajit Singh, Managing Director, Securities Commission Malaysia.

Yang Berusaha Dr. Choo Yuen May, Deputy Director-General, the Malaysian Palm Oil Board

Board of Directors of Bursa Malaysia, members of the media and honoured guests, ladies and gentlemen, good afternoon.

1. I thank Bank Negara Malaysia, Securities Commission and Bursa Malaysia for inviting me to officiate today's auspicious launch of the world's first, end-to-end Shari'ah compliant spot commodity trading platform.
2. I also would like to extend my congratulations to the project team that executed this trading platform. I am sure all of the team members have been working very hard since this project was first initiated by Bank Negara in 2006. Today must be a very special day for all of you and I am honoured to share this proud moment with you.
3. I would also like to take this opportunity to greet our friends from abroad, representatives from the bourses of Bangladesh, the Islamic republic of Iran, Oman, Turkey and South Korea. Thank you for being here and "*Selamat Datang*".
4. I understand that the trading platform has actually begun trading at 10.30am this morning and, ladies and gentlemen, I am pleased to announce that the first trade has already been transacted at 11.55 am. I have been informed that the latest total trades transacted amounts to RM120.0m. Congratulations.

**(THE CO-OPERATION AND COLLOBORATIVE RELATIONSHIP OF THE REGULATORS BROUGHT MALAYSIA SUCCESS).**

Ladies and gentlemen

5. Assembled in this hall today are senior representatives from all the three regulators for Malaysia's banking and financial industry. The trading platform that we are launching today is indeed the result of a collaborative effort between the three authorities, Bank Negara Malaysia, the Securities Commission and Bursa Malaysia.
6. This trading platform is only the latest of a series of successes that have been achieved as a result of this strong working relationship. The three regulators have indeed tirelessly pursued the promotion of Islamic finance since the last three decades and long before the latest advent of the petrodollars, as we have witnessed in the last several years. The three regulators have, against some odds and many challenges, pursued the successful development of Islamic finance at home and established a robust network of inter-linkages abroad.
7. Malaysia now has the most comprehensive legislative and regulatory infrastructure and framework for Islamic finance. Our position is without peer. It is only with vision, forward planning and sheer hard work by our three regulators, together with the

support of the Government, that we have attained our global lead position.

8. Nevertheless, ladies and gentlemen, the public sector's role is limited. We can only provide the optimal environment for the sustainable growth of the banking and finance industry and our success rings hollow if we do not have the active participation of our banking, finance and capital market institutions. In this regard, I am happy to acknowledge that not only we have received support from our local players but also a number of foreign institutions whom recognised the value that we create in our banking and finance sector.

## **(THE REGULATOR'S ROLE FROM AN ASIAN PERSPECTIVE)**

Ladies and gentlemen

9. In a speech last week, I briefly mentioned how the origins of the present global economic crisis have renewed the debate on the role of the regulator in the marketplace. Today, I would like to highlight the fact that (*pause*) there is indeed a different model, a model that has proven to have worked very well for us in Asia.
10. In the West, in the developed economies, the relationship between the regulator and the market participants has traditionally been adversarial. This stems from the *laissez faire*

tradition of the economy, rooted in a sense of mistrust and suspicion of the intentions of, and by, both sides of the divide.

11. We do it differently here. Yes, there may have been a somewhat paternalistic stance on the part of the “powers-that-be” many years ago but as I am sure all of you can attest, this position has since softened. And so it should be, as the market matures and knowledge and education introduced a level of efficiency of information into the marketplace.
12. Nevertheless, as the turmoil in the Western markets have shown us, the market may not necessarily know best. Investor protection is paramount. The maintenance of the security and safety of the financial system, the blood veins of our economy, is sacred duty.

**(THE SYMBIOTIC RELATIONSHIP WILL BE MORE CRITICAL AS THE FINANCIAL INDUSTRY MOVES TO GREATER INTERNATIONALISATION).**

Ladies and gentlemen

13. As you very well know, both the Financial Sector Master Plan (FSMP) and the Capital Market Plan (CMP) are due to be replaced soon. The both Plans have been successfully implemented with more than 90% of the recommendations

completed. We have witnessed an orderly consolidation of the banking industry and a well-sequenced liberalisation programme for the financial services sector as a whole. We have deepened our bond market and our sukuk market is now the world's largest. The industry has also been structured with prudent regulatory frameworks which have met, and in some cases, surpassed world standards. We are now ready to take on a new set of challenges.

14. ASEAN will progress towards greater market integration and the economic strength of India and China can only grow further. With the increase in trade and investment activities within the region, from North to South Asia, with the support of a relatively young and vast population, the opportunities for growth are ample. Infrastructure investment will continue to remain high and private consumption can only increase further.
15. All these will translate to us seeing higher intra-Asia trade flows and with this, in tandem, growth in liquidity lines criss-crossing the continent. Malaysia must not be left in the sidelines. We have a set of unique value propositions and we must have a concerted strategic push to ensure that these propositions are made understood abroad.

16. As a relatively small economy, we have to “punch above our weight”. If we do not, we will be rendered irrelevant and without a voice. As such, it is necessary for us to ensure that our banking, finance and capital market industry, as a critical contributor to this nation’s service economy, attains its global ambition.
  
17. In anticipation of this development, new Blueprints will be introduced to chart the next course for our financial, banking and capital market sectors. A major thrust of these Blueprints are to have in place the necessary structure and framework to position Kuala Lumpur as an international centre of origination and distribution of diverse financial instruments with Islamic finance taking centre stage in product development and innovation.
  
18. Nevertheless, as we progress to realize our regional ambition, we can expect the local marketplace to be introduced to higher level of dynamics. In this regard, I have full confidence in our regulators to continue executing their mandate with vision and responsibility.

Ladies and gentlemen

19. At this important juncture in the evolution of our Islamic finance industry, I would like to say that together with our YAB the Prime Minister, the Minister of Finance, I look forward to work with all of you, leading our efforts to take our country into the next new era of development. Together as a team, insyaallah, we will succeed.

Ladies and gentlemen

20. In this time where our borders are porous and our markets inter-connected and the flow of information is swift, we need to retain the capability to respond in an assured manner. We recognize the market requires a certain level of certainty.
21. However, certainty can only be achieved if the policy and decision-making processes are made with a steady hand and conducted in a thorough and well-informed manner. It is towards this objective that this Administration, will further amplify the spirit and practice of consultation and inclusiveness. The symbiotic relationship that cordially exists between the authorities and the market participants will continue to be the hallmark of our banking and financial sector.

**(THE TRADING PLATFORM AUGURS WELL FOR MALAYSIA'S  
AMBITION TO BE A REGIONAL FINANCIAL CENTRE).**

Ladies and gentlemen

22. The trading platform that we are launching today is a perfect example of the point about collaboration and cooperation that I was making earlier. I am proud to note the recent signing of Memorandums of Understanding with 26 market makers, comprising financial institutions, commodity suppliers as well as brokers and agents. The success of the Commodity Murabahah House would not have been possible if not for the tremendous support from the palm oil suppliers whom have committed substantial value of commodity to be used as the underlying asset. This is indeed nation building at its best.
  
23. On this note, I look forward to seeing the expansion of this platform into other commodities as well as becoming multi-currency capable to offer greater access and flexibility to international financial institutions. I am confident that this innovative platform will fulfill the international market demands of a full-fledged Shari'ah mode of financing which facilitates commodity trades.

24. Today, ladies and gentlemen, will witness the unveiling of the name of the trading platform. I believe this brand name will be synonymous with the continued success of Malaysia's aspirations as an Islamic finance centre.
  
25. Once again, thank you for inviting me to launch the official name of the Commodity Murabahah House. It is certainly an important milestone for the Malaysian as well as the global Islamic Finance industry.

Wabilahi-taufik Walhidayah Wassalamualaikum Warramatullahi  
Wabarakatuh.